

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2884 – SB 3483

February 12, 2010

SUMMARY OF BILL: Increases the inheritance tax exemption threshold from \$1,000,000 to \$1,100,000 for decedents dying in 2012, and by an additional \$100,000 each year thereafter until the exemption threshold equals \$3,500,000.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue - \$1,569,000/FY12-13
\$3,138,000/FY13-14**

Other Fiscal Impact – With each additional year beyond FY13-14, the decrease to state revenue will increase by an additional \$1,569,000. In FY27-28, when the exemption threshold reaches \$3,500,000, the recurring decrease to state revenue will be approximately \$39,900,000 per year.

Assumptions:

- HB 594 from the 2009 legislative session proposed increasing immediately the inheritance tax exemption threshold from \$1,000,000 to \$3,500,000; the fiscal note for this bill indicated a decrease to state revenue of \$39,900,000 for each full year.
- This bill increases the exemption threshold incrementally by \$100,000 per year beginning with CY2012 until the exemption threshold reaches \$3,500,000; therefore it would take 25 years for the exemption threshold to reach \$3,500,000.
- Given the nine-month filing period, and the provision that this bill applies to decedents dying in 2012 and thereafter, the first year resulting in an impact will be FY12-13.

- The decrease to state revenue in FY12-13 is estimated to be \$1,569,000 ($\$39,900,000 / 25 = \$1,596,000$). The decrease to state revenue in FY13-14 is estimated to be \$3,138,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc